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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Kenneth Clarke QC MP
Secretary of State for Health
Department of Health and Social Security
Richmond House
79 Whitehall
London SW1A 2NS

*MBM to me
stage*

31 May 1989

*RCG
2/6*

Dear Secretary of State,

COMMUNITY CARE: MENTAL ILLNESS

prop.

Thank you for your letter of 24 May. I have also seen your letter of 25 May setting out your Survey bids, in which you comment further on the issue.

The treatment of the mentally ill is of course one item for the Prime Minister's next meeting on community care on 20 June. At that meeting, we shall be able to consider whether an early policy announcement on the mentally ill is appropriate, and if so what it should cover. But even if it is agreed to go ahead with an announcement, I am not convinced that it should cover the issue raised in your letter.

You have separately put forward a Survey bid aimed at precisely the same issue. For this reason, and because the proposal, however financed, would involve increased expenditure on the construction of NHS hospital facilities, I think the Survey is the appropriate place to consider the general principle.

But it is also essential to address value for money in individual cases. In your letter you provide only an outline of your proposals for the St Lawrence hospital at Caterham. I would of course be happy to consider any specific proposal you have in that

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case. But my officials will need much more detail about what is proposed, including the cash flows involved and how value for money would be secured. Such information would also help to inform our discussion in the Survey of your capital loan scheme bid. Perhaps as a next step, therefore, your officials could be in touch with mine with these details.

I am sending copies of this letter to recipients of yours.

Yours sincerely,

P. Warless

P JOHN MAJOR
(Approved by the Chief Secretary
and signed in his absence)

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NHS: Expenditure Part 21.

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